

VZCZCXRO8392
RR RUEHAG RUEHAST RUEHDA RUEHDF RUEHFL RUEHIK RUEHKW RUEHLA RUEHLN
RUEHLZ RUEHPOD RUEHROV RUEHSR RUEHVK RUEHYG
DE RUEHFR #0663/01 1010921
ZNR UUUUU ZZH
R 100921Z APR 08
FM AMEMBASSY PARIS
TO RUEHC/SECSTATE WASHDC 2531
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE

UNCLAS SECTION 01 OF 02 PARIS 000663

SIPDIS

SENSITIVE
SIPDIS

E.O. 19528: N/A

TAGS: [ECON](#) [ENRG](#) [PREL](#) [FR](#)

SUBJECT: FRANCE: OFFICIALS SPELL OUT EU PRESIDENCY ENERGY OBJECTIVES
FOR U/S JEFFERY

¶1. (SBU) In a March 28 meeting with MFA Director for Economic Affairs Christian Masset, U/S Reuben Jeffery underscored the need for cooperation in addressing potential intermediate-term bottlenecks on global energy markets. Masset sketched out French EU presidency energy priorities designed in part to address such issues. Of the three elements of EU energy policy -- increasing security of supply, ensuring the availability of affordable energy, promoting sustainability and combating climate change -- France believed insufficient attention had been paid to supply. The French would focus the Commission's two-year strategic review on the topic in October/November.

¶2. (SBU) There were both internal market and external relations challenges to an effective supply strategy. France would encourage a review of internal market issues, including connectivity and long-term energy investment requirements. Germany remained a challenge, Masset noted, given its hostility to the nuclear option and a perceived reluctance to engage in long-term strategic planning for energy sector needs.

¶3. (SBU) The challenge extended to external relations, though Masset believed the traditional German view that it was big enough to deal on its own with third countries such as Russia was gradually evolving. Negotiations of a follow-on agreement to the Partnership and Cooperation Agreement, which included an energy dimension, would likely begin in earnest during the French presidency. The goal for the EU/Russia Summit in November would be to sketch out a "road map" on energy relations, and focus on practical projects -- gas flaring, carbon capture, etc. -- that could appeal to common interests. Beyond 2010 those interests would increasingly converge as Russian domestic demand outstripped supply capabilities. France would insist on the importance of hewing to the St. Petersburg principles as a means of meeting such challenges.

¶4. (SBU) Engagement with Russia would go hand-in-hand with a more robust "political presence" in Central Asia during the French presidency. But Masset said France would have "a different style" than the United States in the region, hinting at disagreement with what he perceived as an excessively "vocal" U.S. policy in the region. France intended to pursue a balanced "triangular" policy among Russia, the EU and Central Asia. It would look to organize an EU/Central Asia meeting in October/November, and Foreign Minister Kouchner planned to travel twice to the region as well.

Climate Change

- - - - -

¶5. (SBU) Masset said carbon capture and storage would be a priority for the French presidency. The recent UK/France Summit had included language calling for a CCS action plan for the French EU summit. The EU had committed to projects by 2015, it now needed to talk in concrete terms about how and where they would be built.

¶6. (SBU) In an aside on the Major Economies process, Masset said the GOF was "a little worried" about the upcoming MEM Summit. It was important that MEM and the G8 (and G8 plus five) be complementary.

France felt it was incumbent on the G8 to "show the way" on subjects like climate change. That was not equivalent to saying the G8 should do everything itself. France believed China and other developing countries eventually needed to make binding commitments, but "our move makes them move."

IEA, Access Issues

- - - - -

¶7. (SBU) On other international energy issues, Masset said the MFA fully supported the U.S. position on a greater role for China and India in the IEA. France's energy directorate (Ministry of Sustainable Development) had "conservative views" on the subject and prevented the French from being more supportive in the OECD. But, Masset said, the MFA's views "ultimately will prevail."

¶8. (SBU) Masset touched on France's concern over global underinvestment in the oil sector, resulting in part from the increasingly limited access the majors have to the world's oil fields. The issue would be addressed in an upcoming report from former IEA Director General Claude Mandil, tapped by PM Fillon to honcho energy security issues during France's EU presidency.

¶9. (SBU) During a meeting earlier in the day, Mandil briefed U/S Jeffery on his energy security work in preparation for the French EU presidency. He indicated he would be making recommendations in a report due April 15 to provide Europe with more room for maneuver, including for negotiations with Russia. In his view, this means more energy efficiency, more internal market-opening and interconnections of gas and electricity grids, more LNG terminals and pipelines, and more nuclear energy.

¶10. (SBU) Regarding the Nabucco pipeline project, Mandil commented that for such a large pipeline you need a large source of gas, that the main long-term purpose of Nabucco is to bring Iranian gas to

PARIS 00000663 002 OF 002

Europe. He opined that a decision to proceed with that pipeline could not be made only with gas from Azerbaijan, that Russian gas would also need to be included (while waiting for Iranian gas later) and the sooner Europe accepts that the better to avoid Russia pursuing other options that could undermine Nabucco.

Stapleton